

## **BILL ANALYSIS**

Senate Research Center

S.B. 1812  
By: Duncan  
State Affairs  
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Enrolled

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

This bill amends the Insurance Code to determine state contributions for participation by certain junior college employees in the state employees group benefits program, the Teacher Retirement System of Texas, and Optional Retirement Program. In determining the amount included in the budget that the governor submits to the legislature, the board of trustees shall include 50 percent of the cost associated with instructional or administrative employees of public junior colleges. Effectively this changes the funding methodology for public junior colleges participating in the group benefits program to 50 percent through the Employees Retirement System insurance appropriation and 50 percent through the junior colleges' appropriations.

S.B. 1812 amends current law relating to the determination of state contributions for participation by certain junior college employees in the state employees group benefits program, the Teacher Retirement System of Texas, and the Optional Retirement Program.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 825.404, Government Code, by amending Subsections (a) and (b) and adding Subsections (a-1) and (b-1), as follows:

(a) Requires the state, except as provided by Subsection (a-1), during each fiscal year, to contribute to the Teacher Retirement System of Texas (TRS) an amount equal to at least six and not more than 10 percent of the aggregate annual compensation of all members of TRS during that fiscal year.

(a-1) Requires that the compensation of members who are employed by public junior colleges or public junior college districts, in computing the amount owed by the state under Subsection (a), to be included in the aggregate annual compensation as follows:

(1) 50 percent of the eligible creditable compensation of employees who:

(A) otherwise are eligible for membership in TRS; and

(B) are instructional or administrative employees whose salaries may be fully paid from funds appropriated under the General Appropriations Act, regardless of whether such salaries are actually paid from appropriated funds; and

(2) none of the eligible creditable compensation of all other employees who:

(A) do not meet the requirements of Subdivision (1)(B) but are otherwise eligible for membership in TRS; or

(B) cannot be included as a qualifying employee under Subdivision (1) by application of Subsection (b-1).

(b) Requires the board of trustees of TRS (TRS board), in coordination with the Legislative Budget Board (LBB), before November 2 of each even-numbered year, to certify to the comptroller of public accounts of the State of Texas (comptroller) for review and adoption an estimate of the amount necessary to pay the state's contributions to TRS for the following biennium. Requires the TRS board, for qualifying employees under Subsection (a-1)(1), to include only the amount payable by the state under Subsection (a-1)(1) in determining the amount to be certified.

(b-1) Prohibits the number of qualifying employees under Subsection (a-1)(1) whose compensation is authorized to be included for each public junior college or public junior college district in each biennium, in determining the amount described by Subsection (b), from being adjusted in a proportion greater than the change in student enrollment at each college during the reporting period except that a college that experiences a decline in student enrollment is authorized to petition LBB to maintain the number of eligible employees up to 98 percent of the level of the prior biennium.

SECTION 2. Amends Subchapter E, Chapter 825, Government Code, by adding Section 825.4071, as follows:

Sec. 825.4071. COLLECTION OF CONTRIBUTIONS FROM EMPLOYERS THAT ARE PUBLIC JUNIOR COLLEGES OR PUBLIC JUNIOR COLLEGE DISTRICTS.

(a) Provides that this section applies to an employer that is a public junior college or a public junior college district.

(b) Requires an employer described by Subsection (a) to contribute monthly to TRS:

(1) an amount equal to the state contribution rate then in effect multiplied by 50 percent of the aggregate eligible creditable compensation of members who are qualifying employees under Section 825.404(a-1)(1) that the employer reports to TRS; and

(2) an amount equal to the state contribution rate then in effect multiplied by 100 percent of the aggregate eligible creditable compensation of all other members under Section 825.404(a-1)(2) that the employer reports to TRS.

(c) Requires the designated disbursing officer of each public junior college and each public junior college district, to:

(1) submit to TRS, at a time and in the manner prescribed by TRS, a monthly report containing a certification that includes the total amount of compensation paid; the total amount of employer contributions due under this section for the payroll period; and any other information TRS determines is necessary to administer this section; and

(2) maintain and retain the name of each member employed by the public junior college or public junior college district; the amount of the member's salary for the most recent payroll period; whether the member is a qualifying employee under Section 825.404(a-1)(1); and any other information TRS determines is necessary to administer this section.

(d) Requires that a monthly report required under Subsection (c) be accompanied by payment of the amount of employer contributions certified in Subsection (c)(1).

(e) Requires that TRS, not later than the 90th day after the date each school year ends, certify to the comptroller the names of any public junior colleges or public junior college districts that have failed to remit, within the period required by Section 825.408 (Interest on Contributions and Fees; Deposits in Trust), all contributions required under this section for the school year and the amounts of the unpaid contributions.

(f) Requires the comptroller, if the comptroller receives a certification under Subsection (e), to withhold the amount certified, plus interest computed at the rate and in the manner provided by Section 825.408, from the first state money payable to the public junior college or public junior college district. Requires that the amount withheld be deposited to the credit of the appropriate accounts of TRS.

(g) Requires that TRS deposit all money it receives under this section in the state contribution account.

SECTION 3. Amends Section 830.201, Government Code, by adding Subsections (g), (h), and (i), as follows:

(g) Requires that the compensation of members who are employed by public junior colleges or public junior college districts, in computing the amount owed by the state under Subsection (a) (relating to requiring the state each fiscal year to contribute to the optional retirement program an amount equal to 8-1/2 percent of the aggregate annual compensation of all participants in the program during that year), be included in the aggregate annual compensation as follows:

(1) 50 percent of the eligible creditable compensation of employees who:

(A) otherwise are eligible for membership in TRS; and

(B) are instructional or administrative employees whose salaries may be fully paid from funds appropriated under the General Appropriations Act, regardless of whether such salaries are actually paid from appropriated funds; and

(2) none of the eligible creditable compensation of all other employees who:

(A) do not meet the requirements of Subdivision (1)(B) but are otherwise eligible for membership in TRS; or

(B) cannot be included as a qualifying employee under Subdivision (1) by application of Subsection (i).

(h) Requires the TRS board, in coordination with LBB, before November 2 of each even-numbered year, to certify to the comptroller for review and adoption an estimate of the amount necessary to pay the state's contributions to TRS for the following biennium. Requires the TRS board, for qualifying employees under Subsection (g)(1), to include only the amount payable by the state under Subsection (g)(1) in determining the amount to be certified.

(i) Prohibits the number of qualifying employees under Subsection (g)(1) whose compensation may be included for each public junior college or public junior college district in each biennium, in determining the amount described by Subsection (h), from being adjusted in a proportion greater than the change in student enrollment at each college during the reporting period except that a college that experiences a decline in student enrollment is authorized to petition LBB to maintain the number of eligible employees up to 98 percent of the level of the prior biennium.

SECTION 4. Amends Section 1551.311(a), Insurance Code, to require the board of trustees of the Employees Retirement System of Texas (ERS board), in coordination with LBB, not later than November 1 preceding each regular session of the legislature, to certify to the budget division of the governor's office for information and review the amount necessary to pay the contributions of the state to the ERS board for the coverages provided under this chapter during the following biennium, rather than requires the board of trustees, not later than November 1 preceding each regular session of the legislature, to certify to LBB and the budget division of the governor's office for information and review the amount necessary to pay the contributions of the state to the ERS board for the coverages provided under this chapter during the following biennium.

SECTION 5. Amends Subchapter G, Chapter 1551, Insurance Code, by adding Section 1551.3111, as follows:

Sec. 1551.3111. AMOUNT OF STATE CONTRIBUTION FOR CERTAIN JUNIOR COLLEGE EMPLOYEES. (a) Requires the ERS board, in computing the amount to be certified under Section 1551.311 (Amount of State Contribution), for participants who are employed by public junior colleges or public junior college districts, to include:

(1) 50 percent of the cost associated with eligible employees who:

(A) otherwise are eligible to participate in the group benefits program; and

(B) are instructional or administrative employees whose salaries may be fully paid from funds appropriated under the General Appropriations Act, regardless of whether such salaries are actually paid from appropriated funds; and

(2) none of the cost associated with employees who:

(A) do not meet the requirements of Subdivision (1)(B) but are otherwise eligible to participate in the group benefits program; or

(B) cannot be included as a qualifying employee under Subdivision (1) by application of Subsection (c).

(b) Requires the ERS board, for qualifying employees under Subsection (a)(1), to include only the amount payable by the state under Subsection (a)(1) in determining the amount to be certified under Section 1551.311.

(c) Prohibits the number of qualifying employees under Subsection (a)(1) whose group benefits program costs may be included for each public junior college or public junior college district in each biennium, in determining the amount described by Subsection (b), from being adjusted in a proportion greater than the change in student enrollment at each college during the reporting period except that a college that experiences a decline in student enrollment may petition LBB to maintain the number of eligible employees up to 98 percent of the level of the prior biennium.

SECTION 6. (a) Provides that the legislature finds that all governmental acts and proceedings of the board of trustees of a public junior college or of an officer or employee of the college to comply with demands for payment of retirement contributions by the comptroller or TRS for fiscal years 2012 and 2013 are valid as of the dates on which they occurred.

(b) Provides that this section does not apply to any matter that on the effective date of this section:

(1) is involved in litigation if the litigation ultimately results in the matter being held invalid by a final judgment of a court of competent jurisdiction; or

(2) has been held invalid by a final judgment of a court of competent jurisdiction.

SECTION 7. Effective date: upon passage or September 1, 2013.